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STATUTORY INSTRUMENTS

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**1996 No. 781**

**INCOME TAX**

**The Lloyd's Underwriters (Tax) (Amendment) Regulations 1996**

<i>Made</i>	- - - -	<i>13th March 1996</i>
<i>Laid before the House of Commons</i>	- - - -	<i>14th March 1996</i>
<i>Coming into force</i>	- -	<i>5th April 1996</i>

The Commissioners of Inland Revenue, in exercise of the powers conferred on them by section 182(1)(a) and (4) of the Finance Act 1993<sup>(1)</sup>, hereby make the following Regulations:

**Citation and commencement**

1. These Regulations may be cited as the Lloyd's Underwriters (Tax) (Amendment) Regulations 1996 and shall come into force on 5th April 1996.

**Interpretation**

2. In these Regulations "the principal Regulations" means the Lloyd's Underwriters (Tax) Regulations 1995<sup>(2)</sup> and "regulation" means a regulation of those Regulations.

**Amendments to the principal Regulations**

3. In regulation 2(1), after the definitions of "section 179" and "section 179A" there shall be inserted the following definition—

““tax credit” means a tax credit under section 231 of the Taxes Act<sup>(3)</sup>”.

4. After regulation 7 there shall be inserted the following regulations—

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(1) 1993 c. 34.

(2) S.I. 1995/351.

(3) 1988 c. 1; section 231 was amended by section 106 of, and Part IV of Schedule 17 to, the Finance Act 1989 (c. 26), and by paragraph 2 of Schedule 7 to the Finance Act 1990 (c. 29).

**“Payment of income tax— taxed income and tax credits**

**7A.** The like provisions as are contained in sections 59A and 59B of the Management Act(4) shall have effect for the year 1996-97 and subsequent years of assessment in relation to tax which—

- (a) is charged on income in accordance with section 171 of the Finance Act 1993(5), being income falling within section 172(1)(c) of that Act, and
- (b) either—
  - (i) was paid by way of deduction at source, or
  - (ii) is represented by a tax credit,

as if references to income tax deducted or treated as deducted from any income or treated as paid on any income in respect of a year of assessment were references to income tax deducted or treated as deducted or paid in respect of the underwriting year corresponding to that year of assessment.

**7B.** The like provisions as are contained in section 824 of the Taxes Act(6) shall have effect for the year 1996-97 and subsequent years of assessment in relation to—

- (a) any repayment of tax which was paid by way of deduction at source in respect of income charged to tax in accordance with section 171, and falling within section 172(1)(c), of the Finance Act 1993, and
- (b) any payment of the whole or part of a tax credit (to which section 824 of the Taxes Act applies by virtue of subsection (2) of that section) in respect of such income,

as if the reference in subsection (3)(b) of that section to the year of assessment for which the tax was charged was a reference to the year of assessment for which the tax was assessed on the member concerned.

**Year of assessment to which taxed income and tax credits attributable**

**7C.** The like provision as is contained in paragraph (a) of section 835(6)(7) of the Taxes Act (total income) shall have effect for the year 1994-95 and subsequent years of assessment as if it provided that income falling within that paragraph and within section 172(1)(c) of the Finance Act 1993 should be deemed to be income of the year of assessment corresponding to the underwriting year in which it was received by the member concerned, and not income of the year of assessment referred to in that paragraph.”

*S C T Matheson  
G H Bush*

13th March 1996

Two of the Commissioners of Inland Revenue

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(4) Section 59A was inserted by section 192 of the Finance Act 1994 (c. 9), modified in relation to the year 1996-97 by paragraph 2 of Schedule 21 to the Finance Act 1995 (c. 4), and amended by section 108 of the Finance Act 1995. Section 59B was inserted by section 193 of the Finance Act 1994.

(5) Section 171 was amended by section 228(3) of, and paragraph 1 of Schedule 21 and Part V(25) of Schedule 26 to, the Finance Act 1994.

(6) Section 824 was amended by paragraph 7 of Schedule 13 to the Finance Act 1988 (c. 39), sections 110(5), 111(4), 158(2)(b) and 179(1)(a)(vii) of, and Parts IV, VIII and X of Schedule 17 to, the Finance Act 1989, paragraph 14(52) of Schedule 10 to the Taxation of Chargeable Gains Act 1992 (c. 12), and paragraph 41 of Schedule 19, and Part V(23) of Schedule 26, to the Finance Act 1994.

(7) Section 835(6)(a) was amended by paragraph 16 of Schedule 6 to the Finance Act 1993.

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## EXPLANATORY NOTE

*(This note is not part of the Regulations)*

These Regulations amend the Lloyd's Underwriters (Tax) Regulations 1995 (S.I.1995/351) ("the principal Regulations").

The amendments insert three regulations (7A, 7B and 7C) in the principal Regulations.

Regulation 7A, which has effect for the year 1996-97 and subsequent years of assessment, ensures that, in the case of Lloyd's income received under deduction of tax other than syndicate income ("taxed income"), or tax credits received in respect of Lloyd's income other than syndicate income, references in sections 59A and 59B of the Taxes Management Act 1970 to income tax deducted from, or paid on, any income in respect of a year of assessment (or treated as deducted or paid) are references to tax deducted or paid in respect of the year of assessment in which the underwriting (or calendar) year in which the tax was deducted or paid ends. Thus, for example, the relevant year of assessment for taxed income received between 1st January 1996 and 5th April 1996 (in the calendar year ending on 31st December 1996) is the year 1996-97, not 1995-96.

Regulation 7B makes a similar provision in relation to section 824 of the Income and Corporation Taxes Act 1988 ("repayment supplement") for the year 1996-97 and subsequent years of assessment as that made by regulation 7A.

Regulation 7C makes a similar provision in relation to section 835(6) of the Income and Corporation Taxes Act 1988 ("total income") for the year 1994-95 and subsequent years of assessment.

Authority for the retrospective effect of these Regulations is given by section 182(4) of the Finance Act 1993.